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European Union

Agricultural Situation

Reform of the EU Fruit and Vegetable Regime (2)

2000

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Report Highlights:

The EU Agriculture Council approved the European Commission's proposed changes to the common market organization for fruit and vegetables. The changes made to the Commission's initial proposal will result in a additional cost of 177 million Euro. The Special Committee on Agriculture has been instructed to update the text so that it is ready to be formally adopted at a future Council meeting.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2], E2

EU Agriculture Council - Reform of the CMO for fruit and vegetables (follow-up to report E20086 available on www.useu.be/agri/commod.html)

Summary

On November 21, 2000, the EU Agriculture Council approved by qualified majority the European Commission's proposed changes to the common market organization for fruit and vegetables. The changes made to the Commission's initial proposal were mainly requested by the Southern producer countries and will result in an additional cost of 177 million Euro. Denmark, the Netherlands, Sweden and the U.K. voted against the proposed reform because it deviates from the "budget neutrality" principle. The Council instructed the Special Committee on Agriculture to include the compromise text in the Commission's proposal so that it is ready to be formally adopted at a future Council meeting.

Financial aid to producer organizations

The initial proposal to simplify the existing system of two ceilings for financing operational funds to a single ceiling of 3% of the turnover of each producer organization has been increased to a ceiling of 4.1%.

Processed Tomatoes

The Community threshold for processed tomatoes has been raised to 8,251,455 MT (+ 10.2%). Distribution between the producer countries is as follows:

| TOMATOES - PROCESSING THRESHOLDS (raw material, in MT) | | |
|---|----------------------|-------------------------|
| Member State | New Threshold | Initial Proposal |
| Greece | 1,211,241 | 1,185,986 |
| Spain | 1,238,606 | 1,113,272 |
| France | 401,608 | 329,322 |
| Italy | 4,350,000 | 3,970,498 |
| Portugal | 1,050,000 | 920,810 |

Aid for tomatoes has been increased from 29.84 Euro/MT in the initial proposal to 34.5 Euro/MT (+ 15.6%).

Processed Citrus

The Community threshold for citrus has been raised to 1,500,236 MT for oranges (+ 10.9%), 510,600 MT for lemons (+ 4.5%) and 384,000 MT for small citrus fruit (+ 9.1%). Distribution between the producer countries is as follows:

| CITRUS - THRESHOLDS (in MT) | | | | | | |
|------------------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|
| Member State | Oranges | | Lemons | | Small Citrus | |
| | New Threshold | Initial Proposal | New Threshold | Initial Proposal | New Threshold | Initial Proposal |
| Greece | 280,000 | 219,334 | 27,975 | 26,759 | 5,217 | 4,782 |
| Spain | 600,467 | 536,161 | 192,198 | 183,842 | 270,671 | 247,671 |
| Italy | 599,769 | 536,161 | 290,426 | 277,799 | 106,428 | 97,559 |
| Portugal | 20,000 | 15,619 | - | - | 1,724 | 1,580 |
| France | - | - | - | - | 445 | 408 |

Flexibility is given to member states to sub-divide the national thresholds for processed tomatoes and small citrus fruit into the following two sub-groups: full peeled tomatoes and other tomato products and processing small citrus into segments and processing into juice. The reduction in aid in case of overrun of the national threshold will be applied to both subgroups in proportion to the recorded overrun of the sub-threshold concerned.

Canned Peaches and Pears

The Greek threshold for peaches has been increased from 265,588 MT to 300,000 MT (+ 13%) taking the Community threshold to 539,006 MT. The Portuguese threshold for pears has been increased from 361 MT to 600 MT (+ 66%) taking the Community threshold to 104,617 MT. Aid levels for peaches and pears will stay the same (47.7 Euro/MT for peaches and 161.7 Euro/MT for pears).

Impact on budget

The Commission's initial proposal estimated that the additional cost to the EU budget would be 7.5 million Euro from 2004. The changes to the initial proposal will lead to an additional cost of 40 million Euro from 2001 rising to 177 million Euro in 2004.